

MAY 12 1998

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
AMSC Subsidiary Corporation)	DA 98-724
Request for Waiver)	

REPLY COMMENTS OF AMSC SUBSIDIARY CORPORATION

AMSC Subsidiary Corporation ("AMSC") hereby replies to the Comments of BellSouth Corporation ("BellSouth") on AMSC's request for waiver in the above-captioned proceeding.^{1/} AMSC's request generated no opposition, except that of BellSouth, which as discussed below is unpersuasive.

Due to its unique and costly system configuration coupled with its focus on service to rural areas, AMSC is not like other providers of interstate telecommunications. The over \$600 million cost associated with launching and operating a Mobile Satellite Service system has resulted in AMSC's charging substantially more than terrestrial-based CMRS providers, by as much as 4-5 times in the case of voice services and 8-10 ten times for data services. AMSC Waiver Request at 3. AMSC's waiver request asks the Commission to permit AMSC to contribute to universal service through the year 2000 at a level that is equivalent on a per-minute basis for voice service and a per-kilobyte basis for two-way mobile data services to the

^{1/} Request for Waiver, AMSC Subsidiary Corp. (March 17, 1998) ("AMSC Waiver Request"). The Commission released a Public Notice regarding this request for waiver on April 15, 1998. See Public Notice, DA 98-724 (April 15, 1998).

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contributions of terrestrial-based wireless service providers. Using conservative estimates of high-end industry averages, AMSC has proposed that its payments be based on a rate of \$0.38 per minute for voice service and \$0.27 per kilobyte for data service.^{2/}

BellSouth argues that AMSC's higher cost structure does not constitute the kind of "special circumstance" necessary for a grant of a waiver. BellSouth Comments at 2. BellSouth, however, does not provide any hard evidence that there are other carriers that face the same circumstances as AMSC faces, with its combination of high costs and disproportionately high rates, let alone demonstrate that there is an abundance of such carriers.

BellSouth also contends that AMSC's waiver request is not competitively and technologically neutral because a grant would promote MSS technology and MSS providers. BellSouth Comments at 2. In fact, however, AMSC's proposal provides a remedy to AMSC's predicament that is precisely competitively and technologically neutral, focusing on a conservatively-estimated neutral measure of service: per-minute charges in the case of voice service and per-kilobyte charges in the case of data service. Rather than provide AMSC with an "artificial competitive advantage," as BellSouth alleges, a grant would place AMSC in parity with its terrestrial-based CMRS competitors.

BellSouth also argues that AMSC's competitors will have to contribute more to "make-up the shortfall" resulting from AMSC's waiver. This argument should carry little weight. Grant of AMSC's waiver request will result in a very small overall increase in the percentage contributions of others.

^{2/} BellSouth has not disputed AMSC's characterization of these rates as high-end average

Conclusion

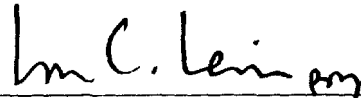
Based on the foregoing and the lack of opposition to AMSC's proposal, AMSC continues to urge the Commission to grant it a waiver of its USF obligations to the extent indicated in its Request for Waiver.

Respectfully submitted,

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May 6, 1998

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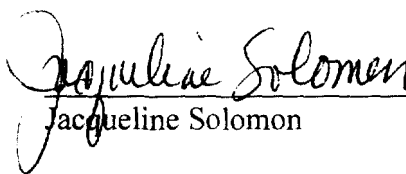
CERTIFICATE OF SERVICE

I, Jacqueline Solomon, a secretary in the law firm of Fisher Wayland Cooper Leader & Zaragoza L.L.P., hereby certify that on this 6th day of May 1998, I served a true copy of the foregoing **"REPLY COMMENTS OF AMSC SUBSIDIARY CORPORATION"** by first class United States Mail, postage prepaid, upon the following:

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